

Customer Choice of Electric Service Provider

Despite a demonstrated track record of Californians willing, ready and able to seek out and contract for renewable energy outside the rubric of the regulated monopoly utilities, the retail energy market is suspended, putting out of reach for most Californians and most California businesses the opportunity to choose renewable and other power options. Restoring Customer Choice will empower individual Californians and California businesses to drive their desire for renewable energy, energy efficiency and energy management options through their purchasing power in the marketplace.

- *Timeframe:* Fully Implemented by 12/31/08
- *GHG Reduction Potential:* Assuming the estimates of the Center for Energy Efficiency and Renewable Technologies (CEERT)¹, if the ability for individual and business contracting for electricity increased the state's overall portfolio of renewables to 33% it would translate into a 15 MMTCO₂E reduction per year. CEERT asserts that 50% renewables is achievable in which case the total reduction attributable to an open retail electricity market could be as high as 32 MMTCO₂E.
- *Ease of Implementation:* Moderate to establish, low to negligible once established.
- *Cost effectiveness Calculations and Assumptions:* CEERT attributes a cost of monopoly utility compliance with the 33% RPS at \$100 million. To the extent that incremental renewable costs are born by the consumer in a reinvigorated retail market condition, thus obviating the need for the subsidy, restoration of customer choice would yield a ***net avoided cost*** of \$100,000,000.
- *Co-benefits / Mitigation Requirements:* Renewable energy is zero- or near-zero emissions. Increased renewables will displace fossil fuel emissions from the electricity sector. Innovation in renewable energy will likely lead to greater usage nation-wide and consumer empowerment will involve individuals and businesses in proactive efforts to mitigate climate change and sustain low-carbon lifestyles.
- *Responsible Parties:* Legislature and/or public utilities commission.

Problem

While the Assembly Bill 32 Early Action list has been expanded to reflect a serious level of greenhouse gas mitigation in the near term, the gargantuan task of getting to 174 million metric tons of CO₂ equivalent (MMTCO₂E) reduction required by 2020 will require more than a handful of regulations, it will take a serious commitment on the part

¹ Comments to this committee by Rachel McMahon dated October 1, 2007

of ordinary citizens to take many individual actions that in the aggregate add up to a force for real change.

We have begun to see a change in society's attitude toward the responsibility of reducing greenhouse gas emissions whether by changing to cfl bulbs or purchasing a hybrid vehicle. People are taking an active role in environmental consumerism in greater numbers all the time and it is this economic force that will lead to the vitality of any proposed mitigation strategy. But we have not yet begun to see the power of arming individuals with the ability to make individual choices for climate change.

An open retail electricity market allows regular people to exercise choices as to the source of their electricity and allows those same regular folks to decide how much of their electricity should come from renewable sources.

Under the current regime, access to renewable energy is invisible to most Californians and those who don't have a grandfathered customer choice contract may not contract for higher levels of renewables than the amount that their utility is required to procure on their behalf—20 percent.

If we are to empower Californians to take an active, personal role in the benefits of renewable energy—fuel diversity, reduced greenhouse gas emission, etc...—we must give them a means to achieve this desired end, and that means is customer choice.

Solution

It is time for the State of California to recognize that the path to affordable and sustainable renewable power is not to have the monopoly utilities- who have no incentive to empower individuals or innovate- clumsily broker minimum percentages of renewable power. It is only through the opportunity for individuals and businesses to take an active, personal role in climate change mitigation that the mitigation efforts will become sustainable.

The Alliance for Retail Energy Markets (AReM) therefore would build upon the recommendation of the Center for Energy Efficiency and Renewable Technology (CEERT) to establish Competitive Renewable Energy Zones by making the entire state a Competitive Energy Zone.